



ECONOMIC INDICATORS

CITY OF NORFOLK OFFICE OF BUDGET AND GRANTS MANAGEMENT

Last Update: June 10, 2014

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- Norfolk's unemployment rate (not seasonally adjusted) was 6.0 percent in April, which was below last month (March 2013) and last year's rate by 0.5 percentage point. (See page 1)
- Virginia's nonfarm employment (not seasonally adjusted) fell slightly year-over-year in April by 0.02 percent (600 jobs) to 3,768,000 jobs from 3,768,600 jobs last year (April 2013). (See page 2)
- Hampton Roads nonfarm employment (not seasonally adjusted) fell year-over-year in April by 0.32 percent (2,400 jobs) to 749,700 from 752,100 last year (April 2013). This was the 4th consecutive month of year-over-year decline in the region's nonfarm employment (not seasonally adjusted). (See page 2)
- Through April, the average sales price of homes sold in Hampton Roads rose slightly by 0.4 percent, to \$222,857 from \$222,073 last year. (See page 3)
- In Norfolk, the average sales price of homes sold through April fell slightly by 1.1 percent, from \$182,578 to \$180,567. The decline occurred mainly in existing homes sold, while new homes sold saw a slight increase in the average sales price. (See page 3)
- Through April, the number of housing units permitted in Norfolk rose by 82 units to 364 units from 282 units permitted during the same period last year. The number of housing units edged up in due to the permitting of the conversion of an office building to apartments with 135 units. (See page 4)
- Through April, Norfolk sales taxes were up 1.7 percent (or \$412,100). However, adjusting for the correction of an overpayment to Norfolk last year by the Virginia Department of Taxation, sales taxes were down 1.9 percent. (See page 5)
- Real GDP fell at an annual rate of 1.0 percent (second estimate) in the first quarter of 2014, the first decline in real GDP since the first quarter of 2011. (See page 6)

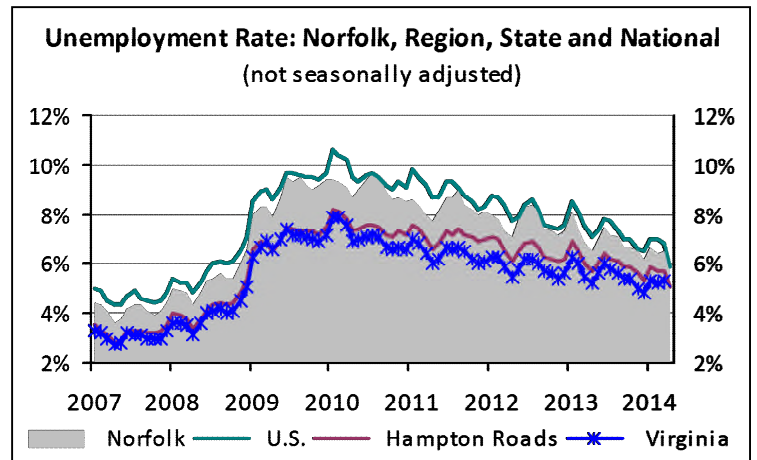
Residential Employment

Hampton Roads and State Unemployment Rate (not seasonally adjusted)

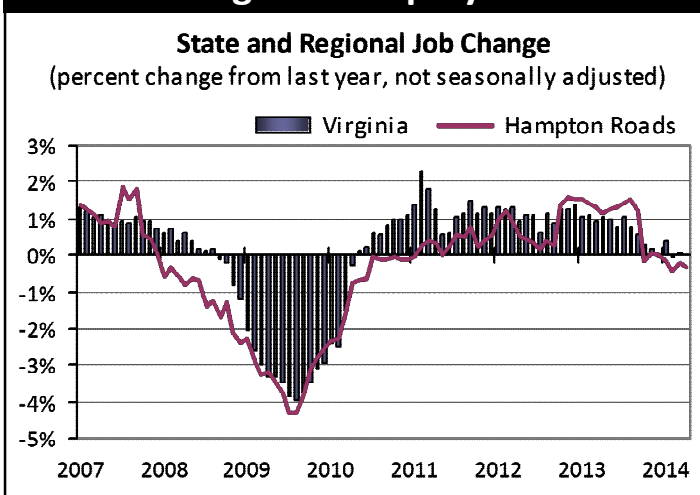
	April 2014*	March 2014	April 2013	10-Year Average
Norfolk	6.0%	6.5%	6.5%	6.5%
Chesapeake	4.6%	5.1%	5.4%	5.0%
Hampton	6.0%	6.6%	6.6%	6.1%
Newport News	6.0%	6.5%	6.3%	5.9%
Portsmouth	6.6%	6.9%	7.0%	6.7%
Suffolk	5.6%	5.8%	5.8%	5.4%
Virginia Beach	4.5%	4.9%	5.0%	4.6%
Hampton Roads	5.1%	5.7%	5.7%	5.3%
Virginia	4.7%	5.3%	5.2%	5.0%

Norfolk's unemployment rate (not seasonally adjusted) fell to 6.0 percent in April, which was 0.5 percentage point below both last month (March 2014) and last year's rate of 6.5 percent. Norfolk's unemployment rate fell from last year, as the number of unemployed residents fell by 483 (7.1 percent), while the Norfolk labor force and number of employed residents grew by 1,196 (1.1 percent) and 1,679 (1.7 percent), respectively. Norfolk's unemployment rate also fell below its 10-year average.

The regional and statewide not seasonally adjusted unemployment rate in April also fell below the previous month and previous year's rate. The Virginia Employment Commission noted that the statewide unemployment rate in April "often shows an improvement over March's rate as firms prepare for the tourist season and there is increased outdoor activity due to milder weather."



State and Regional Employment



Statewide nonfarm employment (not seasonally adjusted) fell slightly year-over-year in April by 0.02 percent (600 jobs) to 3,768,000 jobs from 3,768,600 jobs last year (April 2013). Employment in professional and business services, federal government and manufacturing drove most of the statewide decline (not seasonally adjusted).

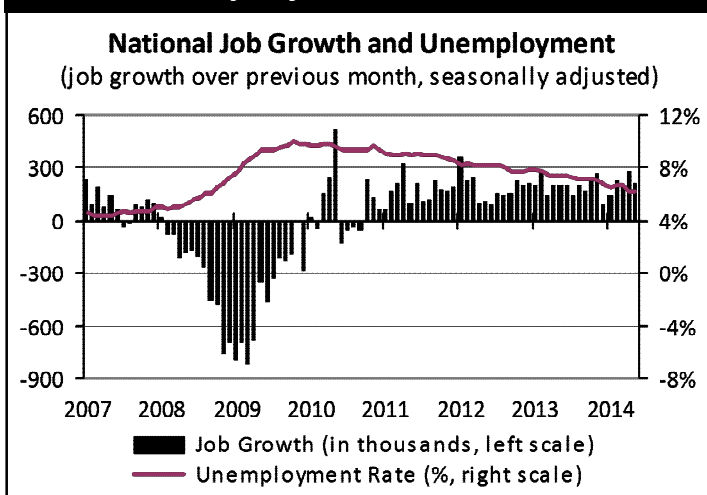
Hampton Roads nonfarm employment (not seasonally adjusted) fell year-over-year in April for the 4th consecutive month by 0.32 percent (2,400 jobs) to 749,700 from 752,100 last year. The job losses were largely in professional and business services, federal government and financial activities. Nonfarm employment (not seasonally adjusted) also fell year-over-year in several Virginia metropolitan areas including, Charlottesville, Danville, Lynchburg, and Roanoke, while nonfarm employment rose in the Richmond, Northern Virginia, Harrisonburg, Blacksburg and Winchester metropolitan areas.

April Job Change in Select Industries

(not seasonally adjusted¹; job changes are from previous year)

	Hampton Roads ²	Virginia ²
Construction	-500	100
Manufacturing	-600	-3,300
Trade (Retail and Wholesale)	1,500	6,200
Transportation and Utilities	-200	-1,500
Information	-200	-800
Financial Activities	-1,100	2,400
Professional and Business Services	-2,900	-18,700
Educational and Health Services	3,200	13,500
Leisure and Hospitality	0	800
Government	-1,500	-2,100
Federal Government	-1,600	-5,300
State Government	0	800
Local Government	100	2,400

National Employment



The Bureau of Labor Statistics (BLS) reported nonfarm payroll employment (seasonally adjusted) increased by 217,000 jobs in May, after rising by 282,000 jobs (revised) in April. Year-to-date through May, the national economy has added 1,068,000 jobs (or an average of 214,000 jobs per month). Since February 2010, when total employment was at its lowest level, the economy has added about 8.8 million jobs, surpassing the 8.7 million jobs lost (revised) from January 2008 to February 2010. The jobs recovered to date have mainly been in the private sector, which added 9.4 million jobs. In contrast, the public sector lost 599,000 jobs during the same period. Year-to-date, the public sector lost jobs in the federal and state government. In May, the seasonally adjusted unemployment rate was unchanged from April's rate of 6.3 percent.

National Job Change by Industry

(seasonally adjusted; April/May growth are from previous month)

	April 2014 ²	May 2014 ³	2014 YTD ³
Mining & Logging	8,000	2,000	24,000
Construction	34,000	6,000	128,000
Manufacturing	4,000	10,000	46,000
Trade/Transportation/Utilities	70,000	39,000	177,000
Information	1,000	-5,000	-19,000
Financial Activities	6,000	3,000	18,000
Professional/Business Services	71,000	55,000	304,000
Educational/Health Services	39,000	63,000	190,000
Leisure and Hospitality	24,000	39,000	154,000
Other Services	13,000	4,000	31,000
Government	12,000	1,000	15,000
Federal Government	-3,000	-5,000	-31,000
State Government	3,000	-5,000	-2,000
Local Government	12,000	11,000	48,000
Total Job Growth	282,000	217,000	1,068,000

Source: U.S Bureau of Labor Statistics and Virginia Employment Commission. ¹ Data on employment in Hampton Roads by industry available on a not seasonally adjusted basis only. ² Preliminary. ³ Revised.

Regional Housing Market

Jan.—Apr. Home Sales	Housing Units Sold		Average Days on Market	
	2013	2014	2013	2014
Hampton Roads	6,185	5,788	96	89
Norfolk	768	747	96	84
Chesapeake	1,001	923	82	77
Hampton	416	392	101	102
Newport News	526	485	109	105
Portsmouth	358	373	105	92
Suffolk	379	370	97	88
Virginia Beach	1,754	1,600	83	76

Average Residential Sales Price: January - April			
Area	2014	2013	% Change
Hampton Roads	\$222,857	\$222,073	0.4%
Norfolk	\$180,567	\$182,578	-1.1%
Chesapeake	\$236,199	\$234,238	0.8%
Hampton	\$144,111	\$142,912	0.8%
Newport News	\$156,267	\$161,261	-3.1%
Portsmouth	\$125,629	\$121,037	3.8%
Suffolk	\$225,317	\$225,159	0.1%
Virginia Beach	\$274,059	\$271,898	0.8%

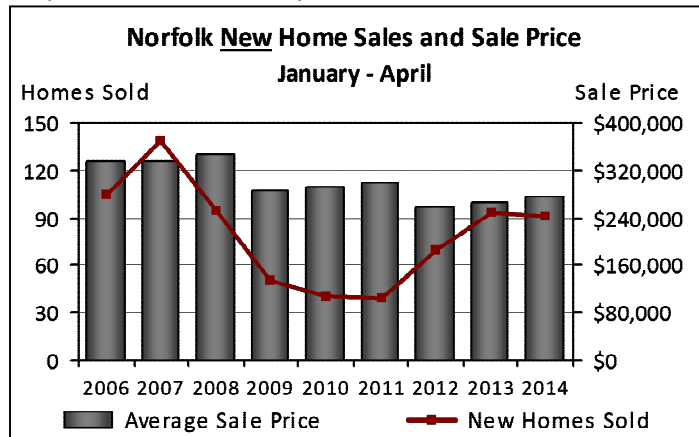
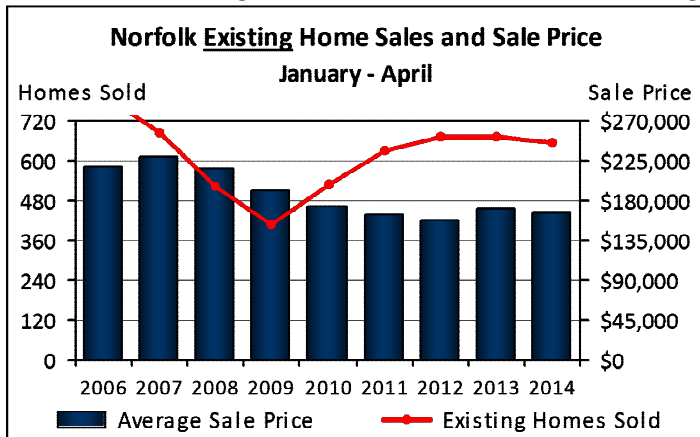
The Real Estate Information Network (REIN) reported the average sales price of homes sold in Hampton Roads through April rose slightly by 0.4 percent, to \$222,857 from \$222,073 last year. The increase may in part reflect a decline in the impact of distressed homes, which are typically sold at a discount. REIN reported distressed homes accounted for 24.4 percent of homes sold in April, down from 27.8 percent in April last year. Most of the seven major cities of the region, also had an increase in the average sales price of homes sold year-to-date (YTD) compared to last year. The exceptions were Newport News and Norfolk. However, in Norfolk, the median sales price of homes sold YTD rose 2.5 percent.

The number of homes sold in the region YTD through April fell 6.4 percent. Almost all the seven major cities in the region had a decline, the only exception was Portsmouth where home sales rose 4.2 percent from last year. REIN indicated that home sales have declined year-over-year in every month this year. However, REIN reported a 5.27 percent increase in April in residential pending sales (homes under contract) in the region from last year which should help support home sales in the coming months. Also, residential active listings (homes for sale) in the region rose 8.91 percent in April from the same period last year, bringing the months' supply of inventory of homes for sale to 6.69 months. A six-month supply is generally considered to be a balanced market (neither a buyers or sellers market).

Norfolk Housing Market

From January through April, the number of existing homes sold in Norfolk fell by 2.8 percent (19 homes) from the same period last year. The decline was seen in sales of both attached and detached homes. New home sales also declined by 2.2 percent (2 homes), which was mainly due to sales of new detached homes.

Through April, the average sales price of existing homes sold fell 2.3 percent to about \$167,200 from \$171,100 last year. The decline reflected fewer existing homes sold in the range of \$200,000 and above. However, in contrast, the average sales price of new homes sold rose 4.3 percent to \$277,200 from \$265,800 last year. The increase reflected more new homes sold that were priced in the \$300,000 range and above and fewer new homes sold priced in the \$200,000 range and below. Also, the increase in the average sales price was mainly in new detached home sales. In contrast, to existing homes sold, the decline in the average sales price was seen mainly in detached home sales.



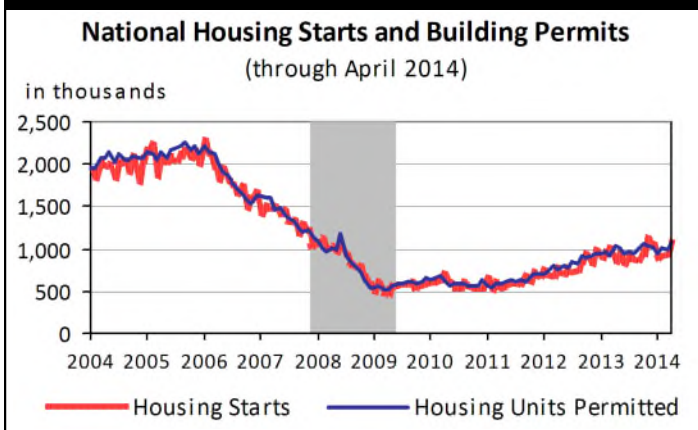
Source: Real Estate Information Network (REIN)

National Housing Market

Existing home sales nationwide rose 1.3 percent in April to a seasonally adjusted annual rate (SAAR) of 4.65 million from the previous month's (March 2014) rate of 4.59 million. The National Association of Realtors (NAR) indicated this was the first monthly increase in 2014. Existing home sales however were down 6.8 percent from the previous year's rate of 4.99 million.

Like existing home sales, new home sales also rose in April from the previous month by 6.4 percent to 433,000 (SAAR) from 407,000 in March 2014 but were 4.2 percent below the previous year's rate of 452,000. This was the third straight month of year-over-year decline in new home sales. The average sales price of existing homes sold rose again by 3.7 percent from last year to \$250,600. NAR indicated "price growth...remains stronger than normal" due to lower inventory of homes for sale in many areas. However, new homes sold saw a 5.0 percent decline in the average sales price to \$320,100, the first year-over-year decline since June 2012.

National New Residential Construction



The Census Bureau reported privately-owned housing units authorized by building permits in April rose 8.0 percent to a seasonally adjusted annual rate (SAAR) of 1,080,000 (SAAR) from the revised rate of 1,000,000 in March. Housing units permitted was also up from last year by 3.8 percent. Prior to the annual data revision, housing units permitted had been rising year-over-year in every month since May 2011. However, the revised data now shows year-over-year decline in January 2014.

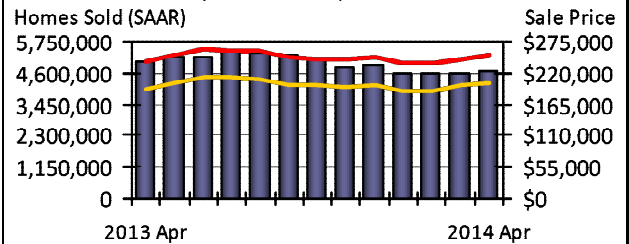
Privately-owned housing starts in April rose 13.2 percent to 1,072,000 (SAAR) from March's revised 947,000 rate. Compared to last year, housing starts were also up 26.4 percent from the April 2013 rate of 848,000. Single and multi-family housing starts both increased from the previous month and previous year.

The Census Bureau defines the start of construction when excavation begins for the footings or foundation of a building. A house is "completed" when all finished flooring has been installed or at the time of occupancy.

Source: National Association of Realtors (NAR), U.S. Census Bureau, and City of Norfolk Department of Development. * "Other" includes new units in mixed use structures, residential conversions, and accessory dwellings. Shaded area denotes recession.

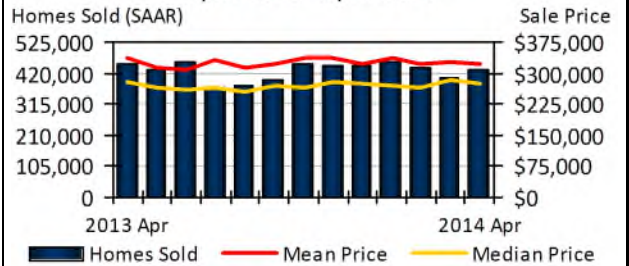
Existing Home Sales and Sale Price

April 2013 - April 2014



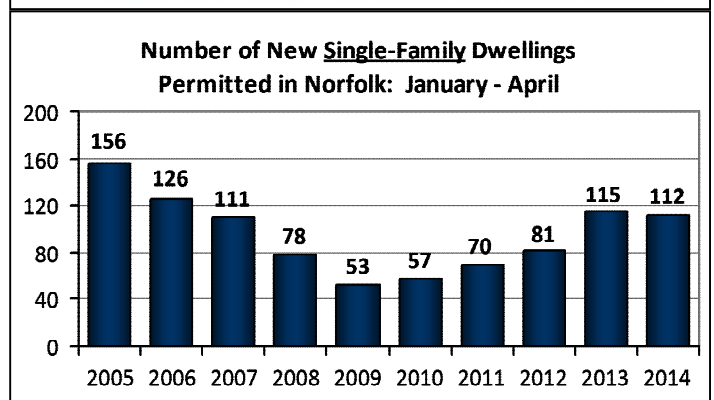
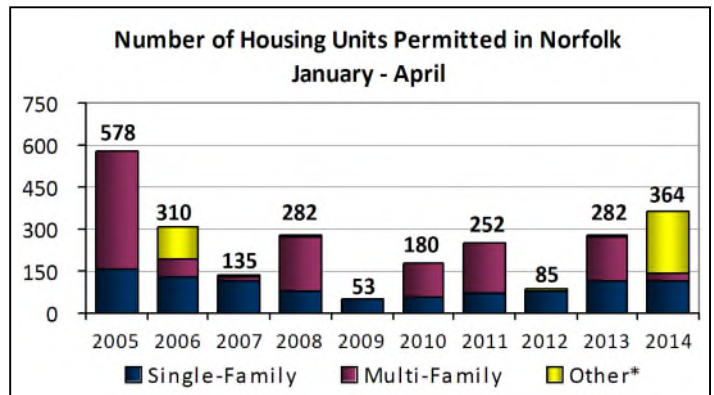
New Home Sales and Sale Price

April 2013 - April 2014



Norfolk Residential Building Permits

The number of housing units permitted in Norfolk through April rose by 82 units to 364 units from 282 units permitted during the same period last year. April's growth was due to the permitting of the conversion of an office building to apartments with 135 units. Housing units in multi-family structures also drove the growth in prior years such as, the 416 Boush Street and 401 Granby Street apartments (2013), Meadowood Apartments (2011), SouthWind Apartments and Belmont at Freemason (2008), Harbor Heights (2006), and Bristol at Ghent (2005).



Norfolk and Regional Sales Tax

The Virginia Department of Taxation (TAX) reported Norfolk sales tax collections in April totaled about \$2.52 million, which was 1.8 percent (about \$45,900) below last year. However, four of the neighboring cities also had a decline: Chesapeake (-0.01 percent), Newport News (-20.5 percent), Portsmouth (-0.9 percent) and Virginia Beach (-1.5 percent).

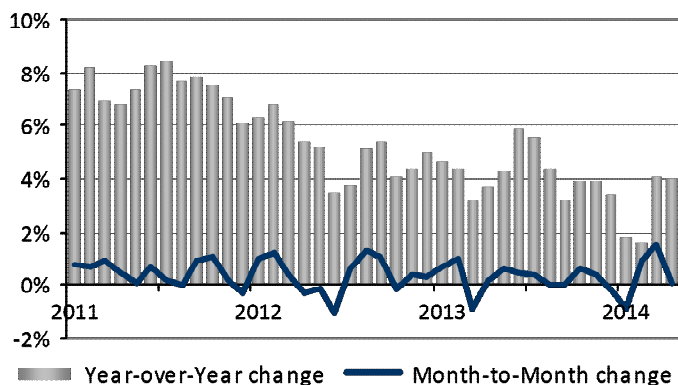
Fiscal year-to-date through April, Norfolk sales taxes were up 1.7 percent (about \$412,100). However, adjusting for the correction of an overpayment by TAX last year, Norfolk sales taxes were down 1.9 percent. Sales tax collections through April also rose in all the other major cities in the region, except Newport News and Portsmouth where sales taxes have declined by 1.5 percent and 8.8 percent, respectively. The year-to-date increase ranged from 1.9 percent (Virginia Beach) to 5.1 percent (Suffolk).

Sales Tax Revenue Fiscal Year-to-Date through April

	FY 2014	FY 2013	% Change
Norfolk	\$24,273,383	\$23,861,285	1.7%
Chesapeake	\$29,131,787	\$28,526,308	2.1%
Hampton	\$12,023,560	\$11,776,211	2.1%
Newport News	\$18,425,848	\$18,705,457	-1.5%
Portsmouth	\$5,198,790	\$5,699,694	-8.8%
Suffolk	\$6,960,554	\$6,623,131	5.1%
Virginia Beach	\$45,867,889	\$45,005,502	1.9%

National Retail and Food Service Sales

Percent Change in National Retail and Food Service Sales (seasonally adjusted but not adjusted for price changes)



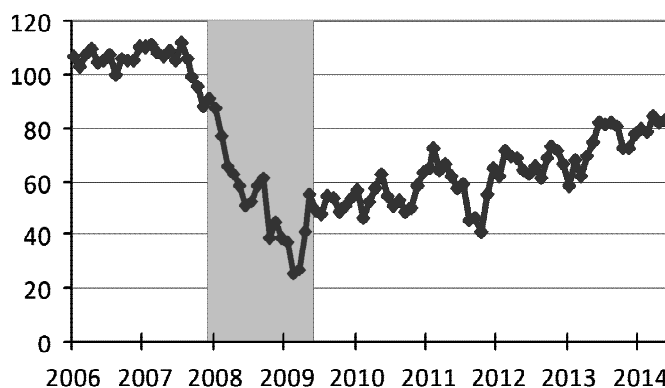
The U.S. Census Bureau reported national retail and food services sales in April were up 0.1 percent (preliminary) from the previous month (March 2014). This was the third straight monthly increase but was the smallest increase. The monthly increase was largely from motor vehicles and parts dealers, gas stations, department stores, clothing stores, food and beverage stores, and health and personal care stores.

Compared to last year (April 2013), retail and food service sales rose 4.0 percent (preliminary). Retail and food service sales have risen year-over-year since November 2009. The increase year-over-year was also fairly broad based. Of the major business categories, only electronics and appliance stores, gasoline stations, sporting goods/hobby stores, and department stores had a decline in retail sales. The majority of the increase was from motor vehicles and parts dealers, nonstore retailers (which include internet and mail order sellers), food and beverage stores and general merchandise stores.

Source: Virginia Department of Taxation, U.S. Census Bureau, and Conference Board.

Consumer Confidence Index

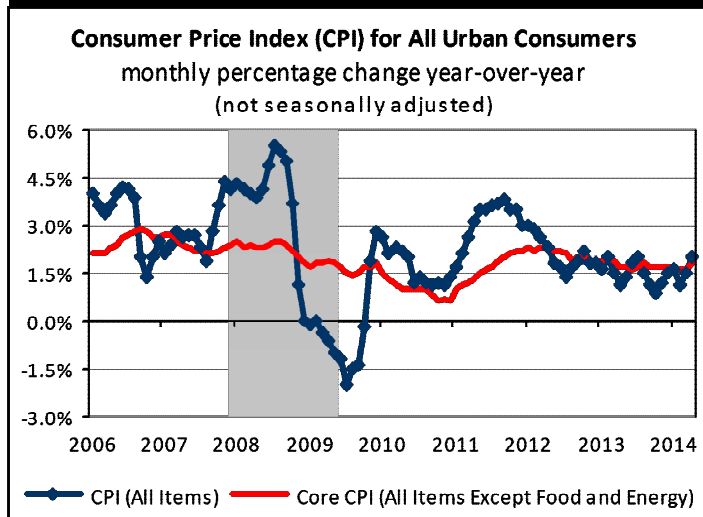
Consumer Confidence Index



The Conference Board reported the Consumer Confidence Index improved moderately in May, rising to 83.0 from 81.7 in April. Consumer confidence in both current and future business and employment conditions improved. The Present Situation Index, which measures consumer confidence in current conditions rose to 80.4 from 78.5, while the Expectations Index, which measures consumer confidence in business, employment and family income six months from now, rose slightly to 84.8 from 83.9.

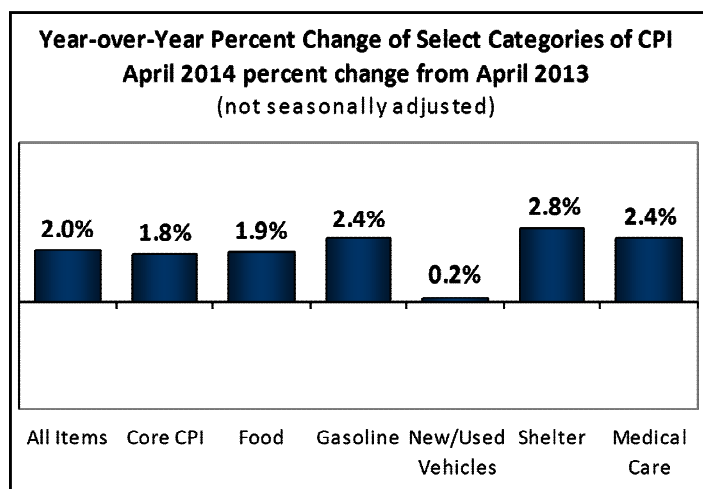
Lynn Franco, Director of Economic Indicators at The Conference Board indicated, "...consumers assessed current conditions, in particular the labor market, more favorably. Expectations regarding the short-term outlook for the economy, jobs, and personal finances were also more upbeat. In fact, the percentage of consumers expecting their incomes to grow over the next six months is the highest since December 2007 (20.2 percent). Thus, despite last month's decline, consumers' confidence appears to be growing."

Consumer Price Index



The Consumer Price Index (CPI) is a measure of the average change in prices over time of goods and services purchased by households. The Bureau of Labor Statistics (BLS) reported the CPI for all urban consumers rose 0.3 percent (seasonally adjusted) in April, the largest monthly increase since June 2013. Among the major expenditure categories, food prices rose 0.4 percent, the same increase seen in the past two months. Energy prices rose 0.3 percent due to an increase in gasoline prices, after declining for two straight months, while the core CPI, which excludes food and energy, also rose in April by 0.2 percent.

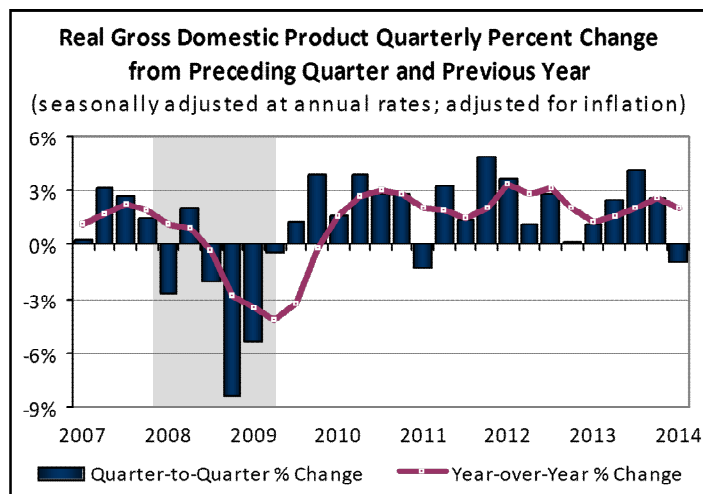
From the previous year, the CPI rose 2.0 percent before seasonal adjustment, the largest year-over-year increase since July 2013. Among the major expenditure categories, energy prices rose 3.3 percent, the largest year-over-year increase since July 2013. All the major components of the energy index rose year-over-year in April. Food prices also rose in April by 1.9 percent, the largest year-over-year percentage increase since August 2012. The core CPI which excludes food and energy also rose by 1.8 percent, the largest increase since August 2013.



Source: U.S Bureau of Economic Analysis and U.S Bureau of Labor Statistics. Shaded areas represents recession as determined by the National Bureau of Economic Research.

Real Gross Domestic Product (GDP)

Real GDP is the value of all goods and services produced within the U.S., adjusted for inflation, and is the broadest measure of economic activity. The Bureau of Economic Analysis (BEA) reported real GDP declined at an annual rate of 1.0 percent (second estimate) in the first quarter of 2014, the first decline since the first quarter of 2011.



The slowdown in the first quarter reflected:

- **business inventory** rising by \$49.0 billion, compared to the \$111.7 billion increase in the fourth quarter, reducing real GDP growth by 1.62 percentage points, a significant contributor to the decline in real GDP;
- **business investment in equipment** declining by 3.1 percent;
- **investment in commercial and residential structures** decreasing 7.5 percent and 5.0 percent, respectively;
- **exports** decreasing by 6.0 percent while **imports**, a subtraction from real GDP, rose 0.7 percent; and
- **state and local government spending** falling 1.8 percent.

Offsetting part of the decline above was a growth in consumer spending, federal government spending and business investment in intellectual property products.

